

Message Text

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SUBJECT: SINGER LEINI' PLANT REQUISITION BY MUNICIPAL GOVERNMENT

1. AFTER A RECENT SERIES OF SERIOUS WORKER DEMONSTRATIONS AT THE SINGER PLANT IN LEINI', TURIN PROVINCE (THIS PLANT HAS BEEN UNDER LIQUIDATION SINCE JANUARY 1975), THE LEINI' MUNICIPAL GOVERNMENT REQUISITIONED PLANT FROM APRIL 27TH THROUGH MAY 7TH. LEINI' MAYOR LUIGI COZZA WHO ISSUED REQUISITION WARRANT, INDICATED THAT MUNICIPAL CONTROL OF THE PROPERTY WAS EFFORT TO PROTECT SOCIAL AND ECONOMIC WELFARE OF THE POPULATION OF LEINI'. SINGER PROBLEM HAS NOW BEEN PLACED IN HANDS OF ITALIAN MINISTER OF INDUSTRY AND COMMERCE DONAT-CATTIN WITH HOPE THAT COMPANY WILL BE SOLD. THE LEINI', TURIN PROVINCIAL AND PIEDMONT REGIONAL GOVERNMENTS HAVE INDICATED THAT IF MINISTER DONAT-CATTIN IS NOT ABLE TO FORMULATE ACCEPTABLE AGREEMENT FOR SINGER AND ITS ALMOST 1,200 WORKERS, THEY PLAN TO TAKE SERIOUS ACTION.

2. IN JANUARY 1976, SINGER WAS PLACED UNDER THE CONTROL OF GEPI (ITALIAN PARASTATAL ORGANIZATION FOR SALVAGING FINANCIALLY TROUBLED COMPANIES) WITH THE INTENTION THAT COMPANY WOULD BE SOLD BEFORE EXPIRATION OF SINGER-GEPI AGREEMENT ON MARCH 31ST. HOWEVER, AFTER A SERIES OF UNSUCCESSFUL PURCHASE NEGOTIATIONS

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THE SINGER-GEPI AGREEMENT EXPIRED AND SINGER WORKERS WHO HAD BEEN RECEIVING WORKER COMPENSATION UNDER CASSA INTEGRAZIONE STAGED A NUMBER OF DEMONSTRATIONS WHICH CULMINATED IN MUNICIPAL SEIZURE OF PLANT AND ITS IMMEDIATE OCCUPATION BY SINGER WORKERS.

3. IN DISCUSSION WITH DR. ALDO BARO OF TURIN UNIONE INDUSTRIALE

(MEDIATOR IN SINGER DISPUTE) CONCERNING SINGER SITUATION, HE INDICATED TO US THAT DESPITE CURRENT COMPANY DIFFICULTIES THERE WAS STRONG POSSIBILITY THAT SINGER WOULD BE SOLD IN NEAR FUTURE. DR. BARO WENT ON TO SAY THAT ONE SOLUTION NOW UNDER CONSIDERATION FOR SINGER IS THAT COMPANY BE SOLD UNDER A JOINT-VENTURE AGREEMENT WITH GEPI AND CIR (CONCERIE ITAIAANE RIUNITE OWNED BY CONTROVERSIAL FORMER FIAT MANAGER CARLO DE BENEDETTI) S.P.A. WITH CIR EVENTUALLY TAKING FULL CONTROL OF FIRM. PURCHASE WOULD ONLY INVOLVE LAND AND BUILDING OF LEINI' PLANT AT ESTIMATED PRICE OF THREE BILLION LIRE (\$3.4 MILLION). THE FIRM'S CAPITAL EQUIPMENT WOULD BE DISPOSED OF UNDER SEPARATE AGREEMENT IN VIEW OF CIR'S SPECIFIED INTENTIONS TO SWITCH TO ELECTRONIC EQUIPMENT PRODUCTION IF COMPANY PURCHASES SINGER.

4. DR. BARO ALSO INDICATED THAT SINGER WORK FORCE WAS NOW DOWN TO 1,200, AS 200 WORKERS HAD ALREADY LOCATED NEW POSITIONS. HE NOTED, HOWEVER, THAT SHOULD GEPI-CIR AGREEMENT MATERIALIZE ONLY 500 WORKERS WOULD BE RE-EMPLOYED BY NEW FIRM WHILE REMAINING 400 WOULD HAVE TO BE RELOCATED UNDER AUSPICES OF UNIONE INDUSTRIALE AND FIAT. DR. BARO POINTED OUT THAT MINISTER DONAT-CATTIN WAS NOT STRONGLY IN AGREEMENT WITH GEPI-CIR SOLUTION AND WAS CURRENTLY NEGOTIATING WITH UNIDENTIFIED PROSPECTIVE BUYER WHO WOULD ALLEGEDLY BE PREPARED TO RE-EMPLOY AS MANY AS 950 SINGER WORKERS.

5. COMMENT:

ALTHOUGH NO FINAL AGREEMENT HAS BEEN REACHED CONCERNING THE SALE OF SINGER, IT APPEARS THAT A PURCHASER WILL SURFACE IN LIMITED OFFICIAL USE

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THE NEAR FUTURE. HOWEVER, THE PRECEDENT SET AS A RESULT OF THE SINGER REQUISITION BY THE LEINI' MUNICIPAL GOVERNMENT AND THE MORE RECENT REGIONAL, PROVINCIAL AND MUNICIPAL GOVERNMENT THREATS, SHOULD A BUYER NOT BE FOUND, WOULD GIVE CAUSE FOR CONCERN OVER THE FUTURE OF PRIVATE COMPANIES EXPERIENCING SERIOUS FINANCIAL AND/OR LABOR DIFFICULTIES IN THE AREA. IT APPEARS THAT THE LEINI' GOVERNMENT ACTION ALSO GENERATED SERIOUS CONCERN ON A NATIONAL LEVEL AS DR. BARO INDICATED THAT MINISTER DONAT-CATTIN HAD BEEN VERY DISTURBED OVER THE MUNICIPAL SEIZURE IN AN EFFORT TO SELL THE PLANT WOULD BE COUNTER-PRODUCTIVE AS IT WOULD DISCOURAGE POTENTIAL BUYERS BECAUSE OF GOVERNMENT INTEREST IN THE COMPANY. DR. BARO FURTHER NOTED THAT WHILE THE OFFICIAL PCI POSITION ON THE SINGER SITUATION HAS BEEN IN AGREEMENT WITH REQUISITION OF PLANT, SEVERAL PCI LEADERS HAD CONTACTED UNIONE INDUSTRIALE UNOFFICIALLY EXPRESSING NEGATIVE VIEWS CONCERNING THE PLANT SEIZURE AND INDICATING VIEW THAT PRIVATE SALE AND CONTROL OF PLANT WAS BEST SOLUTION TO RESOLVE PROBLEM.

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